

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00

DOT-00 INR-07 NSAE-00 CIEP-01 FAA-00 L-03 H-02 PM-04

NSC-05 SP-02 SS-15 /061 W

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R 201456Z SEP 76

FM AMEMBASSY BONN

TO SECSTATE WASHDC 1958

INFO AMEMBASSY LONDON

AMEMBASSY PARIS

USMISSION USBERLIN

C O N F I D E N T I A L SECTION 01 OF 02 BONN 15791

E.O. 11652: GDS

TAGS: EAIR, GW, UK

SUBJECT: CIVAIR: BERLIN - LONDON CHARTERS

REF: A. STATE 136980 B. BONN 13377

1. SUMMARY: UK INTENDS TO REPLY NEGATIVELY TO US PROPOSAL OF LAST JUNE FOR NEW TRIAL PERIOD FOR PANAM IN BERLIN - LONDON CHARTER MARKET. MEANWHILE, EMBASSY HAS RECEIVED APPLICATION FROM BRITANNIA AIRWAYS (WHICH PARTICIPATED IN MARKET IN 1974, BUT NOT SINCE), FOR BERLIN - LONDON CHARTER FLIGHTS BEGINNING IN NOVEMBER 1976. US CAA HAS ASKED FOR BRITISH REACTION TO POSSIBLE RE-ENTRY OF PANAM INTO BERLIN - LONDON CHARTER MARKET BASED ON CAPACITY LIMITATION AND MINIMUM PRICE. WE ARE DEFERRING ACTION ON BRITANNIA APPLICATION PENDING BRITISH REPLY. END SUMMARY.

2. US CAA HAS HAD SEVERAL RECENT MEETINGS WITH UK CAA HANLEY ON SUBJECT OF BERLIN - LONDON CHARTERS AND HAS RAISED SUBJECT AT EVERY MEETING OF THREE CAA'S. US CAA HAS STRESSED SERIOUSNESS WITH WHICH WE VIEW EXCLUSION OF PANAM FROM LONDON CHARTER MARKET AND HAS EMPHASIZED
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THAT US CONSIDERS ISSUE PRIMARILY IN POLITICAL BERLIN

CONTEXT, RATHER THAN AS GENERAL CIVIL AVIATION MATTER.

3. EMBASSY IS CONTINUING TO APPROVE ALL BERLIN - LONDON CHARTER REQUESTS ON A WEEK-TO-WEEK BASIS. PRESENT OPERATORS OF BERLIN - LONDON CHARTER TRAFFIC ARE DAN AIR AND LAKER, AND THEIR PROPOSED WINTER PROGRAMS HAVE ALREADY BEEN SUBMITTED. MEANWHILE, EMBASSY HAS JUST RECEIVED APPLICATION FROM A THIRD BRITISH CARRIER, BRITANNIA AIRWAYS, FOR FLIGHTS BEGINNING IN NOVEMBER 1976. BRITANNIA HANDLED A FEW BERLIN - LONDON CHARTERS IN 1974, BUT NONE IN 1975 NOR SO FAR IN 1976.

4. IN MEETINGS WITH UK AND FRENCH CAA'S, IT WAS AGREED THAT UK PAPER (SEE REF A) WOULD BE REVIEWED BY THREE CAA'S PARA BY PARA AT AN EARLY MEETING. US CAA SAID THAT UK PAPER OKAY AS BASIS FOR DISCUSSION, BUT WE DISAGREE WITH PARTS OF PARAS 2, 7, 8 AND 10. RE PARAS 2 AND 7 OF UK PAPER, AS WELL AS SUB-PARA 3 OF PARA 10, WE AGREE THERE ARE TWO DISTINCT MARKETS (FOR BUSINESSMEN AND FOR TOURISTS), BUT BELIEVE CHARTER MARKET IS ALSO IMPORTANT FOR MORALE OF BERLIN POPULATION. UNDER SUB-PARA 4 OF PARA 10, IF PREFERENCE SHOULD BE GIVEN TO AIRLINES "TRADITIONALLY OPERATING SUCH ROUTES" BRITANNIA'S APPLICATION (SEE PARA 3 ABOVE) SHOULD BE REJECTED AND PANAM'S SHOULD BE APPROVED, SINCE LATTER OPERATED IN 1975 AND ITS APPLICATIONS FOR 1976 WERE REJECTED BY UK AUTHORITIES.

5. ON SEPTEMBER 16, AFTER SEVERAL POSTPONEMENTS, HANLEY SAID UK REPLY TO US PROPOSAL (SEE REF B AND PREVIOUS) SHOULD BE FORTHCOMING IN WEEK OR SO. REPLY WILL SAY THAT NO FURTHER TRIAL PERIOD IS NECESSARY, SINCE 1975

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TRAFFIC RESULTS AVAILABLE (SEE UK PAPER) AND THAT UK PREFERS TO CONSIDER QUESTION AS FIFTH FREEDOM TRAFFIC IN CONTEXT OF CURRENT US/UK BILATERAL NEGOTIATIONS.

6. AFTER AGAIN MAKING POINT (SEE PARA 2 ABOVE) THAT WE DO NOT CONSIDER THIS A CIVIL AVIATION QUESTION, BUT RATHER A POLITICAL BERLIN QUESTION, WE DREW ATTENTION TO FACT THAT PANAM HAD HANDLED OVER 40 PERCENT OF BERLIN - LONDON CHARTER TRAFFIC IN 1975 AND WONDERED WHETHER -- CONTRARY TO US GENERAL AVIATION POLICY AND ONLY IN ATTEMPT TO BREAK IMPASSE -- UK HAD EVER CONSIDERED CAPACITY LIMITATION OF PANAM, TO, SAY, ONE-THIRD OF TOTAL PASSENGER TRAFFIC ON THIS RUN.

HANLEY, IN TURN, SUGGESTED THAT UK MIGHT ALSO WANT MINIMUM PRICE (AS ALREADY OFFERED ON BERLIN - PARIS RUN) TO BE SET AT PRESENT GOING RATE. WE SAID WE WOULD BE HESITANT TO APPROVE BRITANNIA APPLICATION IF PROBLEM OF PANAM EXCLUSION FROM LONDON CHARTER MARKET WERE NOT RESOLVED. HANLEY PROMISED TO CONSULT LONDON AND REPORT BACK.

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7. COMMENT: WE DON'T KNOW WHETHER LONDON WILL BE INTERESTED IN LETTING PANAM BACK IN ON BASIS OF CAPACITY LIMITATION AND MINIMUM PRICE. WHILE WE RECOGNIZE THAT CAPACITY LIMITATIONS AND MINIMUM PRICES ARE, IN GENERAL, CONTRARY TO US AVIATION POLICY, WE BELIEVE THAT BERLIN TRAFFIC IS A SPECIAL CASE AND THAT WE ARE IN A POOR BARGAINING POSITION. FOR THESE REASONS, IF THE BRITISH REACTION IS POSITIVE, WE BELIEVE THE DEPARTMENT SHOULD CONSIDER THE PROPOSAL CAREFULLY.

8. EMBASSY WILL REPORT FURTHER DEVELOPMENTS AS THEY OCCUR.

HILLENBRAND

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